GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure & Investments Department – Andhra Pradesh Maritime Board – Krishnapatnam Port Company Limited – Divestment of 75% shares in favour of M/s. Adani Ports Special Economic Zone Ltd. (Adani Ports) – Orders – Issued.

INFRASTRCTURE AND INVESTMENTS (PORTS) DEPARTMENT

G.O.MS.No. 9 Dated: 07-09-2020.

Read the following:

1) Revised Concession Agreement dated 17th September, 2004, as amended from time to time (Concession Agreement).
2) From KPCL Letter dated February 13, 2020 addressed to the Government
3) From KPCL Letter dated 29-7-2020 addressed to CEO, APMB
4) From CEO, APMB Letter No.68/APMB/2020, dated 29-7-2020.
5) Govt. Letter No.INI01-PORTOMISC/6/2020, Dated 23-08-2020.
6) From CEO, APMB Letter No. 68/APMB/KPCL/2020, dated 28-8-2020.

O R D E R:

The Chief Executive Officer, APMB has submitted that Krishnapatnam Port Company Limited (KPCL) has entered into Revised Concession Agreement dated 17th September, 2004 with Govt. of Andhra Pradesh as amended from time to time (Concession Agreement) together with other ancillary documents as the "Concessionaire". The KPCL have stated that they have developed the Project in a phased manner under the aforesaid Concession Agreement. The Commercial Operation date of the Project was achieved on March 20, 2009 when the Phase-I development of the project was commissioned with 3 berths. Subsequently, KPCL has carried out and continue to carry out further developments of the Project to cater to the growing demands of the customers in line with the various detailed project reports prepared and approved by the authority. The Concession agreement granted a concession period of 30 years subject to further extension for another 20 years (two ten-year periods) to KPCL from the date of commercial operations. Subsequently under Phase II, 8 berths have been completed and commissioned as on date. KPCL had started with handling cargo volumes of 8.18 Million Tonnes in 2008-09 and with timely expansion of marine and port infrastructure facilities has achieved cargo volumes of 54.37 Million Tonnes in FY 2018-19.

2. The Chief Executive Officer, AP Maritime Board has reported that KPCL have stated that now Navyuga Group together with Natco Genomic Private Limited own 100% of the equity shares in Krishnapatnam Port Company Limited. According to the revised Agreement dated 17-9-2004, the NATCO group of Companies and their promoters, nominees and associates agreed to hold a minimum of 26% of shareholding in KPCL for a period of five years from the date of commercial operation. He has reported that Commercial Operation date is 20.03.2009 and the five years lock-in period is over by 19.03.2014. He further reported that in order to diversify its operations and businesses, CVR Navayuga Group together with NATCO Genomic Private Limited, proposed to divest their stake aggregating to 75 % in KPCL. Accordingly, upon such divestment, Adani Ports and Special Economic Zone Limited ("Adani Ports") will hold 75% of the

total shares of KPCL and the balance, 25% of the shares will be held by the existing promoter Group as indicated hereunder:

Shareholding Pattern Post Proposed Transaction

Sl. No.	Name of the Equity Shareholder	% of Equity Shares Held
1	Adani Ports and Special Economic Zone Limited or its Affiliates	75
2	NATCO Genomik Private Limited	25
TOTAL SHAREHOLDING (A + B)		100

3. The Competition Commission of India have considered the proposal and approved the proposal on the notice filed by Adani Port and Economic Zone Ltd. under Section 31(1) of the Act.

4. The Chief Executive Officer, AP Maritime Board, keeping in view of the terms of the Concession Agreement and experience of M/s. Adani Ports and Special Economic Zone Limited in developing the ports, has requested to approve the proposal for divestment of 75% shareholding in KPCL in favour of M/s. Adani Ports and Special Economic Zone Limited (Adani Ports), with a condition that, the shareholders, post divestment, shall jointly and severally honour all obligations due to Government of Andhra Pradesh as per the covenants of Revised Concession Agreement and all the ancillary documents and further that shareholders agreement between the parties should be got approved from the authority before execution; that the APMB may be authorised to monitor and ensure that all statutory compliances with reference to applicable provisions of the Company law and any other Act/Rules/Regulations etc.

5. Government after careful consideration of the matter hereby accord consent for divestment of 75% shareholding in KPCL in favour of M/s. Adani Ports and Special Economic Zone Limited (Adani Ports), with a condition that the shareholders post divestment shall jointly and severally honour all obligations due to Government of Andhra Pradesh as per the covenants of Revised Concession Agreement and all the ancillary documents.

6. The Chief Executive Officer, APMB shall take all necessary further action in the matter accordingly.

7. This order issues with the concurrence of Finance Department, vide their U.O.No. FMU0ASD(IC)/143/2020-FMU-IIEIC, dated 01.09.2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, APMB, Kakinada.
M/s. Krishnapatnam Port Company Limited, P.O. Bag No.1, Muthukur Mandal, SPSR Nellore District, A.P. , through CEO, APMB, Kakinada
The Port Officer, Machilipatnam
Copy to:

The OSD to Secretary to Hon'ble CM
The OSD to Hon'ble M(I&I)
The Competition Commission of India,9th Floor,
Kidwai Nagar (East), New Delhi – 110 023.
The Finance (Exp.FMU-IIEIC) Department
The GA(Cabinet) Dept.,
The PS to Spl.C.S., I&I Department.

//FORWARDED :: BY ORDER//

SECTION OFFICER